

## Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 EUR-12 EA-10 ISO-00 CIAE-00 DODE-00

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 9034

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY ROME

AMEMBASSY TOKYO

UNCLAS CARACAS 5945

MARAD FOR: M. PITKIN AND R. GAGE

FROM: KINSELLA

E.O. 11652: N/A

SUBJ: INFORMATION RE MERCHANT FLEET DEVELOPMENT FOR SECRETARY'S  
BLACKWELL MEETING WITH SHIP OPERATORS.

REF: MARAD WA-75-0418

1. SUMMARY: VENEZUELA AND BRAZIL HAVE FINANCIAL MEANS TO AUGMENT  
EXISTING SHIP CONSTRUCTION FACILITIES BUT BOTH LACK  
TECHNICAL KNOWHOW AND EXPERTISE WHICH THEY PLAN TO IMPORT.  
BRAZIL IS MORE ADVANCED IN SHIPBUILDING THAN VENEZUELA BUT  
NEITHER COUNTRY HAS PLANS WITHIN NEXT FEW YEARS TO CONSTRUCT  
SOPISTICATED CONTAINER OR RO/RO UNITS EXCEPT THAT BRAZIL  
IS CONSIDERING CONSTRUCTION OF ONE OR MORE LASH VESSELS BY  
1980. ARGENTINA SHIPBUILDING INDUSTRY IS FURTHER ADVANCED  
THAN THAT OF VENEZUELA BUT LESS SO THAN BRAZIL. NEITHER  
CHILE NOR PERU APPEAR TO BE A THREAT TO WORL SHIPBUILDING  
CENTERS IN UNITED STATES, JAPAN OR EUROPE INASMUCH AS BOTH  
COUNTRIES ARE IN DESPERATE NEED OF FUNDS TO FINANCE WHAT LIMITED  
SHIPBUILDING PLANS THEY HAVE. COLOMBIA SHIPBUILDING INDUSTRY  
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IS PERHAPS LEAST ADVANCED OF ANY OF ABOVE MENTIONED NATIONS.

FOR MOST PART, THEREFORE, MARITIME NATIONS OF SOUTH AMERICA LACK EITHER SUFFICIENT TECHNOLOGY OR FINANCING, OR BOTH, TO LAUNCH SHIP CONSTRUCTION PROGRAMS SUBSTANTIALLY MORE ADVANCED THAN THEY CURRENTLY HAVE, BUT PLANS INCLUDE FINANCIAL AND TECHNOLOGICAL ASSISTANCE.

2. ARGENTINA PLANS TO EXPAND MERCHANT MARINE BY CONSTRUCTION OF MORE THAN 500,000 DWT OF TANKERS, FEIGHTERS AND SMALL CRAFT, INCLUDING FISHING VESSELS, WITHIN NEXT FEW YEARS. NONE OF VESSELS WILL BE OF SOPHISTICATED CONTAINER OR RO/RO UNITS SUCH AS UNITED STATES, JAPAN AND EUROPE HAVE PLAN TO DEVELOP FURTHER. ARGENTINA IS PURCHASING FISHING VESSELS FROM FOREIGN SOURCES AS A NECESSARY STOPGAP UNTIL SUCH TIME AS ITS OWN SHIPBUILDING INDUSTRY CAN ACCOMMODATE ITS NEEDS.

3. BRAZIL PLANS CONSTRUCTION WITHIN NEXT FEW YEARS OF 765 VESSELS OF APPROXIMATELY FIVE MILLION TOTAL TONS AND COSTING NEARLY THREE BILLION DOLLARS. VARIOUS TYPES OF VESSELS ARE CONTEMPLATED IN PROJECTION INCLUDING FOUR VLCC'S AGGREGATING A TOTAL OF MORE THAN ONE MILLION TONS. BRAZIL LACKS SUFFICIENT LOCAL TECHNOLOGY BUT HAS FINANCES. LASH BARGES HAVE ALREADY BEEN BUILT IN BRAZIL, WHICH IS SERIOUSLY STUDING FEASIBILITY OF CONSTRUCTING LASH VESSELS. INDICATIONS ARE THAT CARGO VESSELS PLANNED WILL BE OF CONVENTIONAL TYPES WITH SOME CONTAINER CARRING CAPABILITIES BUT NOT FULLY AUTOMATED CONTAINER OR RO/RO UNITS. NATION ALSO PLANS TO CONSTRUCT VESSELS FOR WEST GERMANY AND GREECE.

4. CHILE HAS LONG RANGE PLANS FOR SHIP CONSTRUCTION AND MERCHANT MARINE EXPANSION BUT, BECAUSE OF LACK OF FINANCING, IS LIMITED IN WHAT CAN BE ACCOMPLISHED ALTHOUGH IT HAS ADEQUATE TECHNOLOGY TO BUILD ITS OWN FLEET. AS A RESULT, NO MAJOR IMMEDIATE OR NEAR FUTURE VESSEL CONSTRUCTION LIKELY TO TAKE PLACE UNLESS AND UNTIL FUNDS ARE MADE AVAILABLE FOR THAT PURPOSE. IF AND WHEN SHIPS ARE BUILD IN CHILE, THEY WILL NOT BE FULL CONTAINER OR RO/RO TYPES BUT RATHER CONVENTIONAL CARGO SHIPS, TANKERS AND DRY BULK CARRIERS.

5. COLOMBIA APPEARS TO HAVE NO IMMEDIATE PLANS TO ESTABLISH A SHIPBUILDING INDUSTRY. EXPANSION OF HER FLEETS WILL DEPEND

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UPON ORDERS FROM FOREIGN YARDS, WHICH WILL CONSIST OF CONVENTIONAL GENERAL CARGO VESSELS HAVING FACILITIES FOR SMALL NUMBERS OF CONTAINERS, EXCEPT THAT REPORT TODAY FROM BOGOTA INDICATES NATIONAL FLAG LINE WILL ACQUIRE FROM JAPAN 6 RO/RO SHIPS TO SERVE CARIBBEAN PORTS.

6. PERU HAS FACILITIES FOR CONSTRUCTION OF DRY BULK AND GENERAL

CARGO VESSELS UP TO 27,000 DWT, FOUR OF WHICH HAVE ALREADY BEEN CONSTRUCTED IN PERUVIAN YARDS AND ARE CURRENTLY OPERATING IN NATIONAL FLAG MERCHANT FLEET. BUT NATION HAS NO PLANS TO BUILD CONTAINERIZED OR RO/RO UNITS.

7. VENEZUELA FOR NEXT FEW YEARS WILL CONCENTRATE ON ACQUISITION AND CONSSTRUCTION OF MEDIUM SIZED TANKERS AND CONVENTIONAL GENERAL CARGO VESSELS HAVING SOME SPACE FOR CONTAINERS. NO FULLY AUTOMATED CONTAINER VESSELS ARE PRESENTLY PERMITTED TO OPERATE IN VENEZUELAN PORTS AND THERE ARE NO INDICATIONS AT THIS TIME THAT UNION-INSTIGATED PROHIBITION WILL BE WAIVED. CONVENTIONAL FREIGHTERS ARE PERMITTED TO LOAD AND DISCHARGE SMALL NUMBERS OF CONTAINERS, GENERALLY LIMITED TO NO MORE THAN THIRTY PER VESSEL.

8. REGRET PRELIMINARY DESIGN PLANS UNAVAILABLE AND IN MANY INSTANCES THEY HAVE YET TO BE PREPARED.  
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